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STATEMENT TO

FEDERAL-PROVINCIAL AGRICULTURAL CONFERENCE

November 9, 1960

Canadian Federation of Agriculture

111 Sparks Street

Ottawa

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THE CANADIAN FEDERATION OF AGRICULTURE
STATEMENT TO
THE FEDERAL-PROVINCIAL AGRICULTURAL CONFERENCE

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The Canadian Federation of Agriculture looks upon this annual gathering of governmental and farm organization representatives as a valuable forum for mutual discussion of the basic conditions and problems which exist in agriculture. We regard such discussion as important both to producers and governments for the light it can throw from many angles on our Canadian farm industry. Each government in Canada is deeply involved with the problems of its farmers. This includes economic and social problems as well as those of a purely technical nature. Fields of interest and responsibility of Federal and Provincial governments are closely interrelated.

Canadian agriculture is moving and it must move away from the uncertainty and instability that plagues it toward a greater degree of orderly management of its affairs in production and marketing. As we progress in that direction there is a more urgent need for a meeting of minds and mutual understanding between farmers and governments on policies and programs required to meet the situation. We think the success of these meetings can be measured by the degree to which these discussions contribute to the achievement of this objective.

Farmer Self-Help Programs

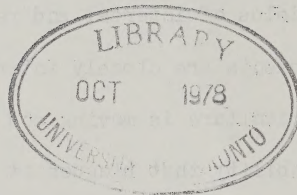
The two great instruments of self-help which have been developed by farmers are the co-operatives and the marketing boards. Co-operatives have been and will continue to be the foundation stone of farm self-help programs, while marketing boards have been developed under government authority to undertake functions that require regulation so that they can

THE CANADIAN JOURNAL OF LAW AND JURISPRUDENCE

VOLUME 11

THE CANADIAN JOURNAL OF LAW AND JURISPRUDENCE

1978



accomplish aims which go beyond those which may be achieved through the purely voluntary methods of co-operation. Under marketing boards, which must be complementary to co-operatives, the important feature is the authority given to them by legislation to regulate the total supply of the product marketed and thereby have a more beneficial ~~effect~~ ^{effect} on prices than would otherwise be possible. In the case of western grain, regulated marketing is being employed through an agency of the state - The Canadian Wheat Board. In the dairy industry a substantial measure of regulation of fluid milk marketing and prices is undertaken by provincial governments. These measures have been considered necessary to meet the special problems of these industries.

We believe, in the Canadian Federation of Agriculture, that the time has come for an expansion of co-operative and marketing boards which should result in more effective producer control of the marketing and in some cases the processing of the commodities they produce. As this takes place, closer co-operation between producers and government will be advantageous. Such co-operation will be necessary, first because marketing boards cannot be formed and operated without a good working relationship between producers and governments. In addition to this, governments will need to continue to be working partners with producers in many aspects of marketing and production policy - such as price supports, international trade policy, extension, research, crop insurance, credit, land use and rural development. Nor do we think it would be wise to rule out the possibility that as we go along it will be necessary to develop new institutions and policies, and new forms of farmer-government co-operation, not yet envisaged in the present structure of our farm policy.

A study of the agricultural policies in other countries reveals

the numerous and varied forms of farmer self-help and of government involvement in farm production and marketing programs. We think that it behooves both farmers and governments to realize that if the business of agriculture in Canada is to be vigorous and healthy, and based firmly on the institution of family ownership and labour, new programs and policies will need to be developed. Today the Canadian economy is experiencing some difficulties in employment and rate of growth, and there is more and more disposition to feel that the effects of economic instability and dislocation in the economy as a whole, as in agriculture, must not be accepted as inevitable. Positive measures must be taken to correct these undesirable features of our urban and rural societies. If this is the way we are moving, and we are sure it is, we are faced with greatly increased needs for improved programs of education, for ensuring democratic exercise of responsibility, for adequate and accurate economic information, and for expanded research by which we can understand the nature of our problems and the measures that might be taken to meet them. In these matters farm organizations, governments and professional groups as well must increasingly work and co-operate. In spite of difficulties from time to time the Canadian economy is a wealthy and growing economy, and agriculture must develop and adjust in line with the growth that we see ahead.

We would like to say a further special word about the unemployment problem. In the first place, we would emphasize the importance to agriculture of a healthy and fully employed economy. Conditions of unemployment reduce the demand for farm products, and cause surplus labour to back up on farms, thus delaying desirable adjustment in the farm industry. The Canadian Federation of Agriculture supports effective measures to meet the problems of unemployment, through

public works to create jobs, improved training opportunities and any other feasible measures. Many works programs can, we would add, be very usefully undertaken in rural areas, in road construction, *reforestation*, recreation area development for example. All such undertakings could contribute to strengthening the economic basis, and conserving the resources of rural areas.

Unemployment Insurance

We would also like to again urge an early extension of unemployment insurance to farm workers, either on an area or commodity basis as we have repeatedly requested, or on a general voluntary basis if this appears feasible.

Farm Policy Research

Our agricultural scientists and economists have in the past, and are now, making substantial contributions to Canadian agriculture and to all of Canada, but there is a field in which little research has been done. This is research into farm policy which is more urgent today than ever before. The establishment of an independent research body to conduct comprehensive studies and investigations on agricultural policies would be of untold value not only to the farmers of Canada but also to provincial and federal governments as guides in their development of agricultural policies and programs.

Rural Development And Land Use

Before making comments on commodity policy we desire to refer briefly to conservation, land use, and rural development in which there is widespread interest. We are sure that not only our own members but the provincial governments represented here today, are

awaiting with interest and anticipation the passage of legislation, applicable nationally, in this broad field. Programs under this legislation, which we hope will be comprehensive and challenging, will to a considerable extent, spring from provincial initiatives. The concurrent responsibility of federal and provincial governments in the field of agriculture makes this an especially appropriate area for co-operative action on the part of federal and provincial governments. We hope there will be a great deal of action taken, at an early date, and that very substantial resources will be devoted to the development, improvement and adjustment of our farm and rural economy.

In the field of rural redevelopment we envisage great possibilities for raising the economic and social status of whole communities or districts. Programs elsewhere have indicated what can be done by marshalling the efforts of people and the use of existing resources of wide areas. These have included new uses for the land areas, new facilities such as those for tourist development and recreation, emphasis on new products and enterprises, greatly stepped up reforestation programs and the establishment of new industries ^{and} ~~or~~ branch industries.

While developments of this kind can hold out much hope for farming communities they could provide opportunities for local employment of farmers and their sons and would slow down rural depopulation and contribute to the correction of urban unemployment.

The Canadian Federation of Agriculture appreciates that to make a program of rural development a success the participation of farmers is required at all levels, from the local to the national. We would like at this time to offer our wholehearted co-operation in this new undertaking.

Commodity Problems

We recognize that in every branch of agriculture there are problems of production and marketing for which solutions are urgently required. Without underrating the importance of other branches of agricultural production, we wish at this time to deal particularly with the problems of grain growers and dairy men. Their problems affect the majority of farm families in Canada. In contrast to the Federal Board program for grain, government involvement in dairy marketing has largely developed on a provincial basis. Grain and dairying present at the moment two extremely critical fields for commodity policy decision.

In view of the importance of these two commodity enterprises in our national economy, and in view of the need for improving the position in which these industries find themselves, we believe that government action is urgent even if this should involve considerable supporting expenditures.

Even though grain growing in Canada is geared to export, and dairying for the most part to domestic demand, there are strong points of similarity. For one thing, grain and milk powder represent the two

most useful and practicable forms in which food can be used for international non-commercial distribution to meet food needs. For another, production cannot be quickly adjusted to price changes.

In the dairy industry federal price supports have made an invaluable contribution to the stability of this industry, and should continue to do so. Present accumulations of butter under the price support program, and the downward trends in the consumption of butter represent a problem which must be met and dealt with. Our purpose at this time is to solicit from all governments their positive and constructive support for programs which will meet these problems and at the same time avoid further deterioration in the economic position of the milk producer.

In the grain industry, the last year has seen a great deal of discussion, with respect to measures to bolster the income of grain producers. It is of course known that we have supported, and continue to support, the views of grain producers as to the justice and urgency of their claims for adequate incomes. That we have already expressed to the government our appreciation for the action that has been taken in providing an acreage payment to Western producers, in lieu of maintaining the domestic wheat price at a parity level, is well known. Beneficial as the acreage payments have been, however, they cannot be considered adequate to correct this fundamental inequity being experienced by prairie grain growers.

Particularly we do wish to discuss briefly the urgent questions, now under active consideration, of export market development and surplus distribution. The two, of course, are closely interrelated. In the field of marketing we appreciate that a stepped-up program of sales and

market promotion, by various means, is now underway. We hope it will continue to be expanded.

Agricultural Foreign Service Personnel

We would add that the transfer of Ministerial responsibility for the Canadian Wheat Board raises the question of whether or not it is a good time to consider establishing a special staff of agriculturally trained foreign service personnel to supplement the efforts of the Wheat Board, the grain trade and the general trade commissioners, with the object of developing export markets to a maximum in grain and other agricultural commodities.

We believe Canada is fortunate in having a capable Canadian Trade Commission Service which is doing excellent work in many lands. At the same time we believe that for agricultural products this service could be augmented and strengthened by the appointment of competent agricultural officials responsible to the Department of Agriculture who would give their full time to the development of markets for farm products.

Surplus Distribution

In the world market carryovers of wheat are large, in spite of substantial postwar expansion of exports (including commercial and non-commercial distribution), and prices are low. The total effect of U.S. support and export policies on the Canadian grain industry cannot be easily assessed. These effects have been both price-supporting and price-depressing in some of their aspects, and a total judgment involves many difficult questions. What is certain, however, is that the present position of the industry, and especially the continuing buildup of U.S. stocks, present an urgent need for action on several counts:

- 1) To maximize efforts to expand markets, and ensure that Canada's general trade and tariff policies do not jeopardize these markets.
- 2) To take fully into account the competitive implications, for future commercial market development, of wide-spread U.S. surplus disposal policy. In this connection it appears to us first of all to be a clear responsibility of the Canadian government to as far as is humanly possible ensure that surplus disposal operations by the U.S., and by ourselves, do not unfairly cut into commercial markets. We appreciate that much has been accomplished along these lines. The second aspect of this question is that in part surplus disposal operations can have a function in opening up new commercial markets. Canada should not fail to take maximum advantage of opportunities that exist in this direction.
- 3) As a measure to meet our own problem of surplus accumulation, as well as to make a contribution to world food needs, Canada should expand the scope of its non-commercial export of wheat.

The Canadian Federation of Agriculture has been greatly encouraged by recent action by the United Nations, taken on the initiative of Canada and the United States, to press for a more adequate international program of food distribution under the auspices of FAO.

It is probably not widely realized that the current United Nations Assembly unanimously adopted a resolution to ask FAO to make a

study and proposals as to how such a program could be carried out by the United Nations, and the FAO Council has already taken prompt action by the appointment of a 13-nation committee to deal with this request.

There are two aspects to this proposal--the first is the need for a more comprehensive and more authoritative consultative and advisory group that would deal with the question of surplus food distribution in its broadest implications.

The second is for an agency, or a program within existing agencies like FAO, that would actually engage under international auspices in the distribution of food to nations that need it. This is the familiar world food bank idea. The Canadian Federation of Agriculture has long supported the principle of multilateral, instead of bilateral action in this field. We believe such a truly international program would be more orderly and equitable in its operation, and would be politically desirable in form since no question of undue influence by the donor can be charged (whether justifiably or not).

We cannot urge too strongly the desirability of a program being actually undertaken by FAO to receive food contributions from surplus producing nations and to carry out the distributions of that food to areas of need. We are very encouraged by the fact that FAO has already begun to move forward in response to the United Nations' request that it do so. The world's needs for food are of many sorts. There is the need to establish emergency reserves where they are readily available. There is the need to support and help finance programs for economic development through the wise use of food surplus distribution.

The principle has been expressed by both the previous Minister of Agriculture and by the Prime Minister that the member countries of

the United Nations might well bear an equitable share in the cost of such programs of food distribution. This principle is suggested also in the wording of the recent United Nations resolution. We have urged such sharing of costs, through contributions in money, in food, or in other kinds of necessary services such as shipping. In any case we feel strongly that Canada should plan on substantially expanding its surplus distribution operations at an early date.

This matter of disposal is one aspect of foreign aid. Speaking more generally, we feel that Canada should plan a significant expansion of its foreign aid contributions. Our members believe that the Canadian people would be willing to devote greater resources to such programs.

Exchange Position of Canadian Dollar

There is one other matter which we would like to raise. On past occasions the Canadian Federation of Agriculture has requested the government to take whatever steps it could to reduce the premium which continues to be commanded by the Canadian dollar. Appreciating that there are complex considerations of monetary and fiscal policy involved in this question, we have not dogmatically demanded that the exchange rate be fixed at a level more favourable to exports. However, we think we should point out that not only does this premium position of the dollar continue to hurt our agricultural exports, but there is an increasing body of opinion in this country that questions the wisdom of monetary and fiscal policies which result in continued heavy capital borrowing in the United States and a consequent continued high value on our dollar. This seems an unreasonable situation where at the same time, domestically, we are faced with a slowdown in the rate of our

economic growth and an unemployment problem of considerable dimensions. Our request at this time is for the most intensive consideration by the government of this problem, followed by appropriate and early steps to correct this exchange rate position. We are sure that a more realistic relationship could be established between Canadian price levels and those of other countries that would stimulate our exports and our domestic secondary industries, and perhaps play a major role in helping the Canadian economy to resume a healthy rate of growth.

